GOVERNMENT OF INDIA
ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:2173
ANSWERED ON:15.03.2017
Charge on Digital Transactions
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Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether the Government is promoting cashless transactions due to decline in use of currency in the country;
(b) if so, the details thereof;
(c) whether the cashless transaction is likely to lead to a situation where common man will have to pay commission on transactions; and
(d) if so, the facts in this regard?

Answer

(a) and (b): Government is promoting cashless transactions to improve transparency and reduce the cost of handling cash in the economy.

(c) and (d): Reserve Bank of India (RBI) has deregulated the service charges for transactions. In respect of debit card transactions on PoS devices, between 1.1.2017 and 31.3.2017, Merchant Discount Rate (MDR) has been capped at 0.25% for transaction value upto Rs. 1,000, and for debit card transactions value between Rs. 1,000 and Rs. 2,000, MDR has been capped at 0.5%.
Reserve Bank of India has decided that till 31.3.2017, banks and prepaid payment instrument issuers shall not levy any charges on customers for transactions up to Rs. 1,000 settled on Immediate Payment Service (IMPS), Unstructured Supplementary Service Data (USSD) and Unified Payments Interface (UPI). Further, Government has issued a direction in public interest to all public sector banks not to charge fees for transactions settled on IMPS and UPI in excess of rates charged for National Electronic Funds Transfer (NEFT) for transactions above Rs. 1,000, with service tax being charged at actual; for USSD transactions till 31.3.2017 above Rs. 1,000, a further 50 paise discount is provided.

NPCI has waived switching fees for RuPay Card transactions (both for PoS and e-commerce), IMPS, UPI, National Unified USSD Platform (NUUP) and AEPS, with effect from 1.1.2017 till 31.3.2017.

Credit card, debit card, charge card and other payment card services by banks have been exempted from payment of service tax for transactions of up to Rs. 2,000.

In terms of Office of Controller General of Accounts Office Memorandum dated 14.12.2016, the applicable Merchant Discount Rate (MDR) charges on debit cards for payment up to Rs. 1 Lakh shall be absorbed by the Government. In terms of Department of Public Enterprises letter dated 9.12.2016, all Central Public Sector Enterprises (CPSEs) are required to ensure that transaction fees, MDR charges associated with payment through digital means shall not be passed on to the consumers and all such expenses shall be borne by CPSEs.

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